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IN THE

SUPREME COURT OF THE UNITED STATES

October Term, 1949

No. 253

EUREKA WILLIAMS CORPORATION,

Petitioner,

v.

SYNCROMATIC CORPORATION,

Respondent.

REPLY BRIEF FOR RESPONDENT

OPINION OF THE COURT BELOW

The opinion of the District Court for the Southern District of Illinois, Southern Division, is not reported but is printed at R. 141-143.

The opinion of the Court of Appeals for the Seventh Circuit is reported at 174 F. (2d) 649 and is printed at R. 229-232.

JURISDICTION

The judgment of the District Court was filed on July 16, 1948 (R. 198) and the judgment of the Court of Appeals for the Seventh Circuit was entered on May 16, 1949. (R. 232) Petitioner herein filed a petition to the Court of Appeals for the Seventh Circuit asking for a rehearing, and on July 2, 1949 an order was entered denying that petition. (R. 233)

Petitioner invokes the jurisdiction of this Court under Chapter 81, Judicial Code, as approved June 25, 1948 (Title 28 U.S.C. 1254). However, petitioner has not advanced any valid reason for granting the writ of certiorari. The District Court found (Finding 17, R. 195) "The plaintiff's trade-mark *Syncromatic* is not confusingly similar to, or likely to be confused with, defendant's trade-mark *Oil-O-Matic* even though they are used upon the same descriptive goods and there is no reasonable likelihood of confusion."

This finding is the basis of the District Court's decision and the opinion of the Court of Appeals in nowise reverses or overrules it but, on the contrary, is substantially based thereon.

ADDITIONAL STATEMENT OF THE CASE

The brief of the petitioner makes no mention of the fact that respondent first began to use the trade-mark *Syncromatic* in November, 1933. (Findings of Fact Nos. 2 and 3, R. 193)

At page 3 of petitioner's brief the statement is made that "Respondent changed its business from the manufacture of air conditioning equipment to the manufac-

ture of furnaces * * *." In this connection attention is directed to Finding of Fact No. 18 (R. 195) which states that "Plaintiff, when it was first organized, manufactured and installed equipment for air conditioning by the circulation of either cool or warm air. Later it began the manufacture of furnaces and *has continued to manufacture and sell goods of the same descriptive properties ever since.*" (Emphasis supplied)

Petitioner's brief (page 3) also makes the statement that respondent "has never conducted any national advertising * * *." The record shows that while respondent's annual advertising expenditures were not as large as petitioner's, respondent nevertheless has advertised to some extent on a national scale. (R. 53-55, 76-77) This will also answer the statement on the same page of respondent's brief that "Prior to its adoption of *Syncromatic* as a trade-mark for oil burners, in direct competition with petitioner's oil burners sold under the trademark *Oil-O-Matic,* there had been no efforts or expense by respondent to establish any public recognition of its trade-mark *Syncromatic* for such products."

Petitioner also says (page 3) that respondent "has no dealer organization whatsoever." This statement is likely to create an erroneous impression. While respondent does not retail its own products, it does sell through independent wholesale and jobbing outlets which, in turn, distribute or sell to distributors. (R. 35) These wholesalers, jobbers and distributors are regular customers of respondent. It was to protect the good will of one of its wholesale outlets, the Airtex Corporation of Chicago, that respondent brought this declaratory judgment action against the petitioner. (R. 78-79, 166-167)

Petitioner's brief also states (page 3) that the District Court held that "there was not sufficient similarity between the marks *Syncromatic* and *Oil-O-Matic* so that a person *looking* at the marks would be confused." (Emphasis in petitioner's brief) Reference to the opinion, however, (R. 142-143) will show that this was only one of several grounds upon which the District Judge rested his decision, and he clearly and repeatedly stated that the marks in question are not confusingly similar and that there is no reasonable likelihood of confusion between them.

Petitioner says (brief, page 3) that prior to 1946 respondent's total business, except for war years, never exceeded an annual volume of $60,000.00. Reference to Plaintiff's Exhibit 7 (R. 169) will show, however, that in the years 1935 and 1937 the respondent made sales of $63,674 and $81,598, respectively.

SUMMARY OF ARGUMENT

1. The "likelihood of confusion" upon which relief for trade-mark infringement is predicated must be more than a mere speculative possibility.

2. The Court of Appeals recognized that actual consumer confusion, or intent to create consumer confusion, need not be shown in trade-mark cases.

3. The ultimate question of trade-mark infringement is one of fact, and each case must be decided upon its own facts.

4. Petitioner overlooks the fact (recognized by the Court of Appeals) that the relative costliness of the goods of the parties is an important consideration in determining the likelihood of consumer confusion.

5. There is no showing that the crucial finding of fact in this case is "clearly erroneous."

ARGUMENT

This entire case turns upon the single purely factual question of whether the marks *Syncromatic* and *Oil-O-Matic* are so confusingly similar as to be "likely to cause confusion or mistake or to deceive purchasers." (Title 15 U.S.C., Sec. 1114) Both of the courts below have resolved this question against the petitioner. (Finding No. 17, R. 195; R. 231, 232)

The gist of petitioner's argument is that the courts below have applied incorrect tests in arriving at their conclusions on this question and have thus narrowed the protection afforded by the Trade-Mark Act to actual counterfeiting of a trade-mark.

But it is submitted that the Court of Appeals was well aware of the true basis for any trade-mark infringement action. Relief for trade-mark infringement is not granted when there is merely some remote possibility of consumer confusion; it is afforded to a trade-mark owner to protect him in the use of his mark when there appears to be a real likelihood that the consuming public will confuse his goods with those of another. Even in holding, as this Court did in *McLean v. Fleming,* 96 U.S. 245 @ 253, that "exact similitude is not required to constitute an infringement or to entitle the complaining party to protection," this Court nevertheless recognizes that there must be a real likelihood that the public will be deceived or confused by the allegedly infringing trade-mark. The courts have said on many occasions that the law of trade-mark infringement is a part of the broader

law of unfair competition. *Hanover Star Milling Co. v. Metcalf,* 240 U.S. 403, 36 S.Ct. 357. Hence the basis for granting relief in any trade-mark action is the likelihood that the complainant will be injured in his business by the infringing trade-mark use and as a result of the consequent consumer confusion.

Such a likelihood, however, must amount to a *probability,* and not merely a remote possibility. This the Court of Appeals for the Seventh Circuit understands very well. For example, in *Quaker Oats Co. v. General Mills,* 134 F. (2d) 429, the Seventh Circuit Court said (at page 433):

> "When met in the market place, the products of the parties left no room for doubt as to their source or their nature. There was no confusion there. That is the place that counts. Purchases of merchandise are not made in a vacuum with Professor Quiz in charge. It may be possible to create confusion in this case, but neither the names nor the manner of marketing the products does so."

The Court of Appeals recognized this basic principle in the instant case in holding that "Infringement of a trade-mark consists in the unauthorized use or *colorable imitation* of it upon substituted goods of the same class as those for which the mark has been appropriated. The essence of the wrong consists in the sale of the goods of one manufacturer or dealer as and for those of another by means of such a trade-mark. It is only when this false representation is directed *or impliedly* made that relief will be granted." (R. 230, emphasis supplied)

Petitioner argues (p. 15) that the Court of Appeals has overlooked its own holding in *Barbasol Company v. Jacobs,* 160 F. (2d) 336 that only the likelihood of confusion need be shown to establish trade-mark infringe-

ment, and there need not be any evidence of actual confusion or passing off. The corollary of the *Barbasol* case, however, is that there can be no trade-mark infringement unless there *is* a ***probability*** of consumer confusion, i.e. at least an *implied* false representation. That is what the statute says, and that is exactly what the Court of Appeals has said in the statement quoted above and which defendant has questioned. Hence the quoted statement contains no such error as would warrant or necessitate the granting of a writ of certiorari by this Court.

Petitioner also argues (p. 15-16) that the Court of Appeals has applied the rule that the trade-mark infringement must amount to a "false representation" and that this rule is inconsistent with the holding of this Court that wilfulness or fraud on the part of the newcomer is not a necessary element in trade-mark infringement. (*Saxlehner v. Siegel-Cooper Co.,* 179 U.S. 42, 21 S.Ct. 16.)

The statement of the Court of Appeals that there must be at least an *implied* misrepresentation is not at odds with the holding that wrongful intent or fraud need not be shown to entitle a trade-mark owner to a decree. But the statement does point to the real basis for any such decree when it *is* granted—i.e. that the newcomer's use of the mark is likely to cause consumers to believe that the goods of both parties have a common source or origin.

Petitioner, at page 16 of its brief, argues that the Court of Appeals in this instance has failed to apply the test set forth in the *Northam-Warren* case, 18 F. (2d) 774, which holds in effect that a trade-mark infringes another when one with a not very definite or clear recollection of the real mark is likely to become confused or misled. It is submitted, however, that the

Court of Appeals did not disregard that test in holding that the marks as a whole are "clearly and easily distinguishable" (R. 231) and "do not look or sound alike." (R. 231)

Petitioner argues also (brief, pages 16-17) that the marks here in question are more nearly similar to one another than pairs of marks held to be confusingly similar in numerous other cases in which the Seventh Circuit Court of Appeals found trade-mark infringement. But it is elementary that each trade-mark case must be decided upon its own facts. *Coca-Cola Co. v. Carlisle Bottling Works,* 43 F. (2d) 119 @ 121 (C.A.-6, 1930).

An important fact in this case which undoubtedly influenced the decision of the Court of Appeals, even though it is not mentioned expressly in the opinion, is the relative costliness of the goods of both parties. Heating equipment is normally purchased with great care and deliberation,[1] and it is very unlikely that a purchaser of heating equipment will be confused by two trade-marks having some slight similarity; whereas the same purchaser would buy soft drinks, nail polish, or other inexpensive items with so much less caution that he might well be confused by trade-marks having the same, or even a greater degree, of similarity. *Coca-Cola Co. v. Carlisle Bottling Works,* 43 F. (2d) 119 @ 120 (C.A.-6, 1930).

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[1] "Q. Now, how is the consumer advertising of the Williams Oil-O-Matic Company slanted in the heating industry, is it intended to make the consumer rush out and buy uncritically?

"A. I hope not.

"Q. Or is it expected to make him include that particular item on his shopping list when he starts looking for heating?

"A. Well, we try to get the prospect to remember that there is an *Oil-O-Matic* heater when they go to look for heating." (Testimony of defendant's witness Casler, R. 111)

That the Court of Appeals had this in mind is evident from its citation (R. 231) of *Williams Oil-O-Matic Heating Corp. v. Bliss,* 54 F. (2d) 430,[1] in which the Court of Customs and Patent Appeals said (at page 432):

> "In the case of International Silver Co. v. American Silver Co., 37 F. (2d) 622, 623, 17 C.C.P.A. 871 this court, in an opinion by Lenroot, J., considered the question of the confusing similarity of the trade-mark 'A.S. Co. 1857,' with the trade-mark '1847 Rogers Bros.,' used on identical goods, and, among other things, said:
>
> > "'We may take judicial notice of the fact that the purchase of silverware, sterling or plated, involves a considerable degree of care and discrimination upon the part of the purchaser. The goods are valuable. They are not a matter of every day purchase upon the part of an individual, like food products or other products that require frequent replacement. A person might purchase silverware bearing the mark "1857" alone in the belief that he was buying goods manufactured by the owner of the mark "1847 Rogers Bros.," but we do not think this confusion is likely to occur with the mark "A.S. Co. 1857."
> >
> > "'Were the goods upon which the marks are used of a character involving less discrimination and care in their purchase, we might come to a different conclusion.'
>
> "The language of the court in that case is particularly applicable to the facts in issue in the case at bar, and we may here, as there, take judicial notice of the fact that the purchase of devices of the char-

[1] Note also that the Court of Appeals said that the marks of the parties in this suit are "clearly and easily distinguishable *when applied to an apparatus of the character involved here.*" (R. 231, emphasis supplied)

> acter of those produced by the involved parties is attended with care and discrimination upon the part of the purchaser."

The correctness of the decision of the Court of Appeals turns upon the single question of whether Finding of Fact No. 17 (R. 195) is "clearly erroneous." (Rule 52, F.R.C.P., 28 U.S.C., following Sec. 723c) This finding says that "there is no reasonable likelihood of confusion" between the marks of the parties, and it therefore constitutes a direct application to the facts in the record of the test prescribed by the statute. The Court of Appeals concluded its opinion by saying: "Inasmuch as the record reflects no clearly erroneous action upon the part of the District Court, the judgment is affirmed." (R. 232)

It follows that the only question which could be brought before this Court if a writ of certiorari were granted in this case is the pure question of fact: Is Finding of Fact No. 17 clearly erroneous?

This, it is submitted, is not such a question as warrants the attention of this Court.

CONCLUSION

The petition for writ of certiorari presents no adequate reason why this Court should review the decision of the Court of Appeals for the Seventh Circuit. The sole question in the case is a purely factual one, and that question has already been twice decided against the petitioner.

It is respectfully submitted that the petition should be denied.

Respectfully submitted,

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